

Comments of Powerex Corp. on Transmission Induced Generator Outages White Paper

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Powerex appreciates the opportunity to comment on the December 7, 2018 Transmission Induced Generator Outages White Paper (“White Paper”) and the December 12, 2018 stakeholder meeting.

In the White Paper, CAISO proposes to amend Section 40.9.3.4(d) of the Tariff to clarify that transmission-induced generator outages for *planned* and *CAISO-approved transmission outages* are exempt from Resource Adequacy Availability Incentive Mechanism (“RAAIM”) penalties. Currently, only generator outages caused by *forced* transmission outages are exempt from RAAIM penalties.

RAAIM is an important incentive mechanism to ensure that resources meet their Resource Adequacy performance requirements. It is important to recognize, however, that the application of a *performance* penalty/incentive mechanism is not sufficient, by itself, to ensure that all Resource Adequacy commitments are backed by the physical capacity and transmission necessary to support delivery, at the time Resource Adequacy commitments are made, and to deter speculative supply. Accordingly, Powerex is pleased that the White Paper acknowledges that CAISO is committed to conducting a holistic review of the RAAIM and outages/substitution requirements as part of CAISO’s Resource Adequacy Enhancements stakeholder initiative.

Powerex looks forward to working with the CAISO and other stakeholders to develop a robust Resource Adequacy framework that ensures that a sufficient level of capacity and flexibility, supported by real physical resources, is committed on a forward basis to allow CAISO to reliably meet system needs under a full range of operational conditions.

With respect to CAISO’s proposals in this proceeding, Powerex does not object to exempting resources that are subject to a *planned* transmission outage from RAAIM penalties provided these outages represent verifiable transmission outages and the exemption does not weaken the incentive for resources to meet their Resource Adequacy performance requirements. Powerex believes, however, that any exemption from RAAIM penalties for forced and planned outages must be applied similarly to external resources that supply Resource Adequacy. For that reason, Powerex requests that CAISO modify the White Paper to make clear that any exemptions developed as a result of this proceeding will be applied similarly to both internal and external resources supplying Resource Adequacy.